

## Rep. Ed Murray • 43rd District



**In December, Rep. Murray received the Housing Hero award for his “tremendous support for low-income housing during the 2001 legislative session” from the Washington Low-Income Housing Congress and the Washington Low-Income Housing Network.**

### Keeping in Touch

**Toll-free hotline:**

1-800-562-6000

**TDD for hearing impaired:**

1-800-635-9993

**Olympia office:**

243 John L. O'Brien Bldg.  
Olympia, WA 98504-0600  
360-786-7826

**Committees:**

Capital Budget (Chair)  
Transportation

**E-mail:**

murray\_ed@leg.wa.gov

NOTE: To better serve you, please include your full address in all email correspondence with my office.

**Home page:**

[http://www.leg.wa.gov/house/members/d43\\_1.htm](http://www.leg.wa.gov/house/members/d43_1.htm)

**State web page**

<http://access.wa.gov>

**Legislative Assistant:**

Mark Rupp

PRESORTED  
STANDARD  
U.S. POSTAGE PAID  
Washington State  
Department of Printing

**Representative  
Ed Murray  
43rd District**  
PO Box 40600  
Olympia, WA 98504-0600



## 2002 Budget Report



**Representative  
Ed Murray  
43rd District**

## 2002 Budget Report

February 2002

Dear Neighbor,

As I write this newsletter, we are preparing for one of the most challenging legislative sessions in memory. The national and local economies are in a recession, the Boeing layoffs are starting to take their toll (contributing to one of the highest unemployment rates in the nation) and we are still responding to the impact of the September 11 terrorist attacks in New York and Washington, D.C.

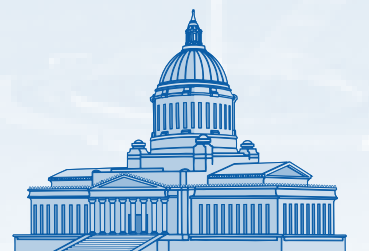
It is in these interesting times that we have to make difficult decisions about the state budget, come to an agreement on the transportation crisis, and preserve programs that serve the most vulnerable members of our community.

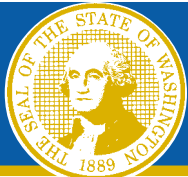
Despite these challenges, I am honored to represent the 43<sup>rd</sup> Legislative District and truly enjoy hearing from you about issues that you are concerned about. This year, more than ever, your suggestions about what to do about the budget deficit will be much appreciated.

I look forward to hearing from you.

Sincerely,

State Rep. Ed Murray  
43rd District





The Economy

The severe economic downturn at the national, state and local levels, the terrorist attacks, and hard times in the high-tech and the airline industries have contributed to a \$1.25 billion budget deficit. Governor Locke has proposed a series of cuts (and other measures) to balance the budget. He has proposed sacrifices to many programs we care about, particularly in health and human services. As we consider these new budget realities, it is helpful to understand exactly how we got here – a combination of national and local economic factors, recent initiatives, rising health care costs and tax cuts passed by the legislature.

How did we get here?

Last year, in June, we assumed that the economic downturn would only be temporary. Most analysts assumed that our state’s surplus funds and Emergency Reserve Fund would hold us over.

Unfortunately, over the summer, the fiscal picture worsened and we experienced what some economists have called a “Perfect Storm.”

The economy went into a full-fledged recession and we faced an additional \$350 million in costs associated with increased numbers of kids, seniors and people in prison. We also had additional fire-fighting costs this year.

No one could have predicted the attacks of September 11, much less their impact on our state’s economy.

The first of Boeing’s expected 20,000-30,000 layoffs hit in December, and scores of other companies have announced layoffs as well. Over the past few months, our unemployment rate has been vying with Oregon’s for worst in the nation.

Compounding these factors is the rising cost of voter-supported initiatives and referenda. Starting with the passage of Referendum 49 in 1998, these measures have played havoc with the state budget. Although many of these have been well intentioned, and pursue admirable policy goals, this is not the way to write a state budget.

Over the past several years, the cost has been staggering. Almost \$12 billion will either be drained from the state budget (\$6.5 billion lost due to I-695) or earmarked for specific spending (\$3 billion to education) by the year 2007.

Although reducing class sizes and raising teacher pay are important steps towards improving our education system, paying for them has been very costly. These initiatives did not establish new funding mechanisms, but rather mandated spending in these areas – effectively putting the Legislature in a tight spot.

These initiatives were passed when the economy was doing well. Even though we’re in a recession now, this spending is still mandated by these initiatives.

The Rising Costs of Initiatives

Initiative/ Referendum	Amount Allocated/ Lost in 2001-2003 Biennium	Total Expected Allocated/Lost from passage to 2007
---------------------------	--	---

<b>Ref-49</b>	<b>\$460 Million</b>	<b>\$1.97 Billion</b>
1998: Three-quarters of the MVET allocated to transportation. MVET was never designed to pay only for transportation. It was created in 1937 to relieve the property tax and was originally dedicated to the common schools.		

<b>I-695</b>	<b>\$1.67 Billion</b>	<b>\$6.55 Billion</b>
1999: The \$30 license tab fees called for in the initiative were, regrettably, codified by the legislature in 2000. I was one of a handful of members voting against the license tab fee bill, realizing the particularly adverse impact lower fees would reap on the state budget and local bus service.		

<b>I-728</b>	<b>\$478 Million</b>	<b>\$2.21 Billion</b>
2000: Reducing class sizes, expanding learning opportunities, increasing teacher training, investing in early childhood education, and building classrooms for K-12 and higher education are all worthwhile endeavors. A first-class educational system is also very expensive. Without raising new taxes, it reduced the state’s flexibility to deal with economic downturns.		

<b>I-732</b>	<b>\$345.7 Million</b>	<b>\$1.04 Billion</b>
2000: Increasing teacher salaries shows great commitment to our children’s teachers. Everyone agrees that they don’t get paid enough. Again, it’s a flexibility issue. Voters once again supported new spending without identifying new revenue sources.		

<b>I-747</b>	<b>\$25 Million</b>	<b>\$318 Million</b>
2001: Although most of the impact of this property tax initiative will be felt on the local level (\$155 Million this biennium), the state will also feel some of the effects of I-747 (\$25 million).		

Rising health care costs have also increased the strain on the budget. After several years of holding steady, health care costs began to spiral upward in the last few years. The main reasons for these increases include: the use of costly new technologies, greater use of new and more expensive prescription drugs, the aging of our population, and pressure from health care providers for higher rates of payment from health insurers. For 2001-2003, health care costs increased by \$723 Million, or 39%. Drug costs alone increased by 34%.

The State Budget

Governor Locke’s new budget for 2002 proposes the elimination of 30 programs and the net reduction of 440 state jobs. Programs that have been identified for elimination include the Washington State Library, the Family Policy Council, Supplemental State SSI payments, the Child Product Safety Campaign, and grants to the Northwest Family Center.



Just as Washington residents have had to make difficult decisions about household budgets in the wake of 9/11, so will the Legislature. Just as individual families have had make sacrifices to pay for

essentials such as food, health care and the rent, so too will the legislature.

Using the Governor’s budget as a starting point, we need to identify priorities and make necessary cuts while continuing to provide essential services to children, the elderly, the disabled, dislocated workers and others in need. Throughout this process, I pledge to protect the most vulnerable members of our society from the budget ax. We will need your help to make these decisions and still balance the budget.

Capital Budget

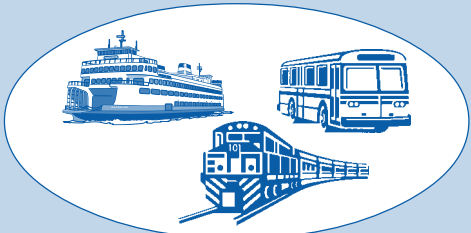
Last year, despite a 49-49 tie, we passed a Capital Budget with an overwhelming majority. That budget created 2,800 new jobs – jobs that were put at risk by the Governor’s spending freeze and the economic downturn. Governor Locke has since put forth a proposal, which I support, that allows us to preserve the Capital Budget and those 2,800 jobs.

The Capital Budget provides funding for several important statewide programs including:

- Protecting and preserving recreation and conservation lands such as South Lake Union Park through the Washington Wildlife Recreation Program.
- Guaranteeing funding to enable the Trust Land Transfer Program to set aside state trust lands as natural areas or parks.
- Repairing and renovating community and technical college facilities including the Urban Technology center at Seattle Central Community College
- Continuing to provide funding for Arts/Heritage/Community Service projects like Empty Space Theater, The Town Hall Community Cultural Center, and restoration of the Good Shepherd Center and the Dearborn House.
- Funding for parks like Cal Anderson Park in Capitol Hill.

“Choices” in Transportation

Ending gridlock means more than just building roads. It means giving people a range of transportation choices such as increased bus service, carpool programs, subsidized bus passes, bike & pedestrian facilities, light rail, monorail, trains and passenger ferries. Any transportation solution needs to be all encompassing, including many if not all of these transportation options.



If we spend 1/3 of all new transportation dollars on these alternatives, restore state funds for local buses and vanpools (eliminated after passage of I-695), and reduce the number of cars on the roads through incentive programs, we would go a long way toward easing traffic congestion and addressing the concerns of families and businesses stuck in gridlock. A gas tax should not be the only revenue source included in a transportation plan because those funds are restricted to “highway purposes” by the 18<sup>th</sup> amendment to the Washington State Constitution.

The Commute Trip Reduction Program is the state’s most effective transportation investment. Expanding it from 500,000 to 800,000 employees statewide would cost \$39 million - a small percentage of any transportation budget. Transit is the quickest, cheapest, most effective way to deal with traffic. There are thousands of people waiting for vanpools, thousands of others unable to use overflowing Park n Ride lots and thousands others standing on bus routes. Countless cars could be taken off the road within a year if we invested a modest fraction of the highway budget in transit. The only transportation plan that would have a chance at solving our traffic nightmare is one that includes a substantial investment in transit and a comprehensive set of choices for Washington state commuters.